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**Sci-Port Discovery Center  
Shreveport, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2003 and 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-29-03

Sci-Port Discovery Center  
Shreveport, Louisiana

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## Independent Auditors' Report

To the Board of Directors  
Sci-Port Discovery Center  
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Sci-Port Discovery Center (a nonprofit organization), as of June 30, 2003 and 2002, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Sci-Port Discovery Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sci-Port Discovery Center, as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2003 on our consideration of Sci-Port Discovery Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Cook & Morehart  
Certified Public Accountants  
September 19, 2003

Sci-Port Discovery Center  
Shreveport, Louisiana  
Statements of Financial Position  
June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 392,448	\$ 618,127
Accounts and grants receivable	486,594	376,892
Promises to give	104,331	273,442
Prepaid expenses	86,308	129,360
Inventory	42,793	39,238
Total current assets	<u>1,112,474</u>	<u>1,437,059</u>
Endowment cash and cash equivalents	38,500	38,500
Long-term promises to give	147,365	214,203
Property and equipment:		
Fixed assets	5,278,826	5,100,420
Accumulated depreciation	(1,839,354)	(1,464,584)
Total property and equipment	<u>3,439,472</u>	<u>3,635,836</u>
<b>Total Assets</b>	<u><u>\$ 4,737,811</u></u>	<u><u>\$ 5,325,598</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 108,002	\$ 121,623
Accrued liabilities	150,686	146,621
Deferred revenue	400,205	438,004
Total current liabilities	<u>658,893</u>	<u>706,248</u>
Net assets:		
Unrestricted:		
Operating	3,882,618	4,384,508
Board designated		2,342
Temporarily restricted	157,800	94,000
Permanently restricted	38,500	138,500
Total net assets	<u>4,078,918</u>	<u>4,619,350</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,737,811</u></u>	<u><u>\$ 5,325,598</u></u>

The accompanying notes are an integral part of the financial statements.

Sci-Port Discovery Center  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, support and reclassifications:</b>				
Grants	\$ 934,277	\$	\$	\$ 934,277
Operating campaign	188,000	67,800		255,800
Admissions	707,661			707,661
Memberships	348,658			348,658
Summer camp and camp-ins	64,853			64,853
Birthday parties	65,424			65,424
Gift shop revenue	251,181			251,181
Food service	37,090			37,090
Special events	47,595			47,595
Contributions	230,587			230,587
Interest income	6,733			6,733
Other revenue	71,386			71,386
Net assets released from restrictions:				
Satisfaction of restrictions	104,000	(4,000)	(100,000)	
Total revenues, support and reclassifications	<u>3,057,445</u>	<u>63,800</u>	<u>(100,000)</u>	<u>3,021,245</u>
<b>Expenses</b>				
Program services				
Exhibits and programs	1,809,256			1,809,256
Marketing	327,241			327,241
Operation	339,775			339,775
Gift shop	188,357			188,357
Total program services	<u>2,664,629</u>			<u>2,664,629</u>
Supporting services				
Administrative and general	509,792			509,792
Development	183,673			183,673
Total supporting services	<u>693,465</u>			<u>693,465</u>
Total operating expenses	<u>3,358,094</u>			<u>3,358,094</u>
Other expenses				
Transfer to Sci-Port Foundation	<u>203,583</u>			<u>203,583</u>
Total expenses	<u>3,561,677</u>			<u>3,561,677</u>
Changes in net assets	(504,232)	63,800	(100,000)	(540,432)
Net assets as of beginning of year	<u>4,386,850</u>	<u>94,000</u>	<u>138,500</u>	<u>4,619,350</u>
Net assets as of end of year	<u>\$ 3,882,618</u>	<u>\$ 157,800</u>	<u>\$ 38,500</u>	<u>\$ 4,078,918</u>

The accompanying notes are an integral part of the financial statements.

Sci-Port Discovery Center  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2002

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, support and reclassifications:</b>				
Grants	\$ 955,513	\$	\$	\$ 955,513
Capital campaign	40,544			40,544
Operating campaign	105,000	34,000	100,000	239,000
Admissions	727,403			727,403
Memberships	396,159			396,159
Summer camp and camp-ins	78,668			78,668
Birthday parties	68,079			68,079
Gift shop revenue	263,241			263,241
Food service	33,131			33,131
Special events	61,464			61,464
Fund raising event	119,215			119,215
Interest income	13,681			13,681
Other revenue	157,110			157,110
Net assets released from restrictions:				
Satisfaction of restrictions	85,000	(85,000)		
<b>Total revenues, support and reclassifications</b>	<b>3,104,208</b>	<b>(51,000)</b>	<b>100,000</b>	<b>3,153,208</b>
<b>Expenses</b>				
Program services				
Exhibits and programs	1,815,848			1,815,848
Marketing	263,415			263,415
Operation	372,487			372,487
Gift shop	209,192			209,192
<b>Total program services</b>	<b>2,660,942</b>			<b>2,660,942</b>
Supporting services				
Administrative and general	529,841			529,841
Development	259,247			259,247
<b>Total supporting services</b>	<b>789,088</b>			<b>789,088</b>
<b>Total operating expenses</b>	<b>3,450,030</b>			<b>3,450,030</b>
Other expenses				
Transfer to Sci-Port Foundation	200,000			200,000
<b>Total expenses</b>	<b>3,650,030</b>			<b>3,650,030</b>
<b>Changes in net assets</b>	<b>(545,822)</b>	<b>(51,000)</b>	<b>100,000</b>	<b>(496,822)</b>
<b>Net assets as of beginning of year</b>	<b>4,932,672</b>	<b>145,000</b>	<b>38,500</b>	<b>5,116,172</b>
<b>Net assets as of end of year</b>	<b>\$ 4,386,850</b>	<b>\$ 94,000</b>	<b>\$ 138,500</b>	<b>\$ 4,619,350</b>

The accompanying notes are an integral part of the financial statements.

Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2003

	Program Services					Supporting Services		
	Exhibits and Programs	Marketing	Operation	Gift Shop	Total Program Services	Administrative and General	Development	Total Supporting Services
Operating:								
Personnel benefits and related costs	\$ 854,036	\$ 100,952	\$ 71,786	\$ 68,342	\$ 1,095,116	\$ 286,098	\$ 141,030	\$ 427,128
Office supplies and postage	1,789	17,603		3,267	22,659	16,778	148	16,926
Printing and program support service	12,581	22,337			34,918	12,876	16,702	29,578
Operation services	125		179,585		179,710	34,904	80	34,984
Public relations and advertising	1,670	177,218			178,888	8,035	4,780	12,815
Professional and support services	18,850	9,131	3,321		31,302	58,494	7,705	66,199
Maintenance and repair services	93,569		56,134		149,703	5,241		5,241
Expansion project costs	14,443				14,443			
Depreciation expense	291,682				291,682	83,089		83,089
Cost of programs	520,511		28,949	116,748	666,208	4,277	13,228	17,505
Total operating expenses	\$ 1,809,256	\$ 327,241	\$ 339,775	\$ 188,357	\$ 2,664,629	\$ 509,792	\$ 183,673	\$ 693,465
								\$ 3,358,094

The accompanying notes are an integral part of the financial statements.

Sci-Port Discovery Center  
Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2002

	Program Services				Supporting Services				
	Exhibits and Programs	Marketing	Operation	Gift Shop	Total Program Services	Administrative and General	Development	Total Supporting Services	Total Expenses
Operating:									
Personnel benefits and related costs	\$ 836,273	\$ 78,999	\$ 62,917	\$ 69,003	\$ 1,047,192	\$ 295,966	\$ 151,482	\$ 447,448	\$ 1,494,640
Office supplies and postage	1,579	21,111		285	22,975	22,621		22,621	45,596
Printing and program support service	7,434	35,001		150	42,585	13,234	16,774	30,008	72,593
Operation services	200		212,516		212,716	36,154		36,154	248,870
Public relations and advertising	10,774	123,351			134,125	5,719	5,567	11,286	145,411
Professional and support services	13,211	4,953	8,155	1,670	27,989	57,674	8,451	66,125	94,114
Maintenance and repair services	86,026		66,375	1,072	153,473	6,526		6,526	159,999
Depreciation expense	281,088				281,088	85,223		85,223	366,311
Cost of programs	579,263		22,524	137,012	738,799	6,724	76,973	83,697	822,496
Total operating expenses	\$ 1,815,848	\$ 263,415	\$ 372,487	\$ 209,192	\$ 2,660,942	\$ 529,841	\$ 259,247	\$ 789,088	\$ 3,450,030

The accompanying notes are an integral part of the financial statements.



Sci-Port Discovery Center  
Shreveport, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Operating Activities</b>		
Changes in net assets	\$ (540,432)	\$ (496,822)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	374,771	366,311
Loss on disposals		19,941
(Increase) decrease in operating assets:		
Accounts receivable	(109,702)	14,634
Promises to give	235,949	(18,455)
Prepaid expenses	43,052	(54,987)
Inventory	(3,555)	(460)
Increase (decrease) in operating liabilities:		
Accounts payable	(13,621)	32,829
Accrued liabilities	4,065	17,780
Deferred revenue	(37,799)	154,848
Net cash provided (used) by operating activities	<u>(47,272)</u>	<u>35,619</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(28,397)	(25,902)
Proceeds from sale of assets		4,850
Purchases of exhibits	<u>(150,010)</u>	<u>(122,341)</u>
Net cash used in investing activities	<u>(178,407)</u>	<u>(143,393)</u>
Net decrease in cash	(225,679)	(107,774)
Cash and cash equivalents as of beginning of year	<u>618,127</u>	<u>725,901</u>
Cash and cash equivalents as of end of year	<u>\$ 392,448</u>	<u>\$ 618,127</u>

The accompanying notes are an integral part of the financial statements.

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002

(1) **Summary of Significant Accounting Policies**

**A. Nature of Activities**

Sci-Port Discovery Center, (Sci-Port), is a private nonprofit organization incorporated November, 1988, under the laws of the State of Louisiana. Sci-Port is governed by a Board of Directors.

Sci-Port provides an educational and entertaining environment for people of all ages to explore and actively participate in the world of science and technology. Sci-Port develops a comprehensive view of the world through the interaction of science and the humanities and serves as a catalyst to encourage lifelong learning. Sci-Port's support comes primarily from donor contributions, government grants, admissions and memberships and other attendance based income.

The following program and supporting services are included in the accompanying financial statements:

Exhibits and Programs – Encourages people of all ages to have a better understanding of science through a variety of educational programs including birthday parties, summer camps, public and school workshops, Imax films, interactive programs, exhibit demonstrations, and various outreach activities provided both within and outside the science center.

Marketing – Provides promotions, advertising, newsletters and services necessary to inform the public about the Center's programs and to expand its audiences.

Operations – Provides the services and functions necessary to operate and maintain the building.

Gift Shop – Accounts for the operation of a gift shop within the Center that sells various science related items.

Management, Administrative and General – Includes the functions necessary to provide coordination and implementation of Sci-Port's mission and program strategy; support administrative governance of the Board of Directors; manage the financial and budgetary responsibilities of Sci-Port and promote the Center's programs to a broad based audience.

Development – Provides the services necessary to encourage and secure private financial support from individuals, foundations, and corporations, as well as efforts to obtain government funding and other grants.

(Continued)

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

**B. Basis of Accounting**

The financial statements of Sci-Port have been prepared on the accrual basis of accounting.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. Income Tax Status**

Sci-Port is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Sci-Port's tax-exempt purpose is subject to taxation as unrelated business income. Sci-Port had no such income for this audit period.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**F. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, Sci-Port considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**G. Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

(Continued)

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

**H. Inventory**

Inventory consists of various small items held for resale in the gift shop contained in the science center. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

**I. Property and Equipment**

Sci-Port capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Exhibits with a limited display life have been capitalized and amortized over their useful lives. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

**J. Deferred Revenue**

Income from summer camp registration fees, birthday party deposits, and grants not yet expended are deferred and recognized over the periods to which the amounts relate.

**K. Restricted and Unrestricted Revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**L. Donated Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Sci-Port.

(Continued)

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

**M. Donated Assets**

Noncash donations are recorded as contributions at their estimated fair value at the date of donation.

**N. Donated Property and Equipment**

Donations of property and equipment are recorded as contributions at their estimated fair value at date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Sci-Port reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Sci-Port reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**O. Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**P. Retirement Obligations**

Effective November, 1999, Sci-Port began offering a 401(K) plan for its employees. Employees with at least one year of service may contribute up to 15% of their gross wages to the plan. Sci-Port will match the employees' contributions at \$.50 on the dollar up to 3% of the employees gross wages. The amount contributed to the plan for the year ended June 30, 2003 and 2002 was \$14,774 and \$16,743, respectively.

**(2) Concentrations of Credit Risk**

Financial instruments that potentially subject Sci-Port to concentrations of credit risk consist principally of temporary cash investments and promises to give receivables. Sci-Port maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2003, Sci-Port had cash balances totaling \$462,346. Of this amount, \$272,090 was secured by FDIC, \$135,162 was secured under a sweep agreement with a bank, and the remaining \$55,094 was not secured. At June 30, 2002, Sci-Port had cash balances totaling \$725,191. Of this amount, \$271,814 was secured by FDIC, \$251,300 was secured under a sweep agreement with a bank, and the remaining \$202,077 was not secured. Concentrations of credit risk with respect to promises receivable are limited due to the number of contributions comprising Sci-Port's contributor base.

(Continued)

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

(3) Promises to Give

Sci-Port conducted a fund-raising campaign to provide funds for needed exhibits, programs, equipment, and start-up costs related to the new facility, which opened November, 1998; and its ongoing programs. Promises receivable expected to be collected over more than one year are discounted at .85% for the year ended June 30, 2003, and at 1.68% for the year ended June 30, 2002.

	<u>2003</u>	<u>2002</u>
Receivable in less than one year	\$ 108,331	\$ 273,442
Less allowance for uncollectible promises	<u>( 4,000)</u>	<u>—</u>
Current portion	<u>104,331</u>	<u>273,442</u>
Receivable in one to five years	150,832	225,841
Less discounts to present value	<u>( 3,467)</u>	<u>( 11,638)</u>
Long-term portion	<u>147,365</u>	<u>214,203</u>
Net unconditional promises to give at June 30	<u><u>\$ 251,696</u></u>	<u><u>\$ 487,645</u></u>

(4) Operating Leases

During the years ended June 30, 2003 and 2002, Sci-Port leased certain equipment under an operating lease. Rental costs for the years ended June 30, 2003 and 2002 were \$4,928 and \$2,880, respectively.

Commitments under lease agreements having initial or remaining non-cancelable lease terms in excess of one year are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2004	<u><u>\$ 720</u></u>

(Continued)

Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

(5) Property and Equipment

At June 30, 2003, the costs of property and equipment were as follows:

	<u>Estimated Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Exhibits in progress		\$ 100,208	\$ —	\$ 100,208
Leasehold improvements	3 years	31,713	6,902	24,811
Vehicles	5 years	55,003	36,691	18,312
Furniture and equipment	3 – 7 years	670,921	378,936	291,985
Permanent exhibits	10 years	4,420,981	1,416,825	3,004,156
		<u>\$ 5,278,826</u>	<u>\$ 1,839,354</u>	<u>\$ 3,439,472</u>

Depreciation expense for the year ended June 30, 2003 was \$374,771.

At June 30, 2002, the costs of property and equipment were as follows:

	<u>Estimated Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Exhibits in progress		\$ 105,450	\$ —	\$ 105,450
Leasehold improvements	3 years	31,713	5,316	26,397
Vehicles	5 years	34,656	33,161	1,495
Furniture and equipment	3 – 7 years	662,872	297,433	365,439
Permanent exhibits	10 years	4,265,729	1,128,674	3,137,055
		<u>\$ 5,100,420</u>	<u>\$ 1,464,584</u>	<u>\$ 3,635,836</u>

Depreciation expense for the year ended June 30, 2002 was \$366,311.

Sci-Port entered into a cooperative endeavor agreement on September 29, 1998 with the City of Shreveport to manage and operate the Sci-Port Discovery Center facility. The term of the agreement is for ten (10) years. Subject to the consent of the City of Shreveport, Sci-Port shall have the right and option to extend the agreement for four (4) additional successive periods of five (5) years each following the expiration of the primary term. Certain assets consisting of buildings, structures, improvements, immovable property, furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are owned by the City of Shreveport.

The value of the land and buildings purchased with City of Shreveport or State of Louisiana funds and occupied or operated by Sci-Port is not included in the accompanying financial statements. Title to such land and buildings are held by the City of Shreveport.

(Continued)



Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

Furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are included in the accompanying financial statements because, although title is held by the City of Shreveport, the full economic value of their use is now and will continue to be in perpetuity held by Sci-Port. The City of Shreveport grants to Sci-Port the exclusive rights to use those assets as long as Sci-Port operates the Discovery Center under the agreement previously mentioned. These assets consisted of the following at June 30, 2003 and 2002:

	<u>2003</u>		<u>2002</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Exhibits	\$ 1,464,168	\$ 329,438	\$ 1,464,168	\$ 256,230
Theater equipment	<u>1,410,340</u>	<u>317,327</u>	<u>1,410,340</u>	<u>246,809</u>
	<u>\$ 2,874,508</u>	<u>\$ 646,765</u>	<u>\$ 2,874,508</u>	<u>\$ 503,039</u>

Depreciation on these assets for the years ended June 30, 2003 and 2002, was \$143,726 and \$143,725, which is included in the total depreciation of \$374,771 and \$366,311 for the years ended June 30, 2003 and 2002.

Sci-Port also receives funds from the City of Shreveport and the State of Louisiana to supplement the cost of operations. These contracts are subject to annual contract renewals. To the extent that property and equipment are deemed purchased with these funds, title or ownership may revert to the City of Shreveport or the State of Louisiana.

(6) **Accrued Liabilities**

Accrued liabilities consisted of the following:

	<u>2003</u>	<u>2002</u>
Accrued leave payable	\$ 76,393	\$ 68,032
Accrued payroll	67,049	60,441
Payroll and sales taxes payable	<u>7,244</u>	<u>18,148</u>
	<u>\$ 150,686</u>	<u>\$ 146,621</u>

(7) **Board Designated Unrestricted Net Assets**

The Board of Directors voted to designate certain donations received as an internal endowment fund. Interest earned on the fund is available for use in operations.

(Continued)



**Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)**

**(8) Temporarily Restricted Net Assets**

The temporarily restricted net assets at June 30, 2003 and 2002 represent operating campaign donations received for specific purposes defined by the donor of which the restrictions were not met as of that date.

**(9) Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2003 and 2002, consist of contributions for an admissions endowment and contributions for an education outreach endowment. The investment earnings from these endowments are restricted for admissions assistance and education outreach.

During the year ended June 30, 2002, \$100,000 was received from a donor to establish an endowment fund for education outreach. The funds were transferred from Sci-Port Discovery Center to the Sci-Port Foundation during the year ended June 30, 2003, to establish this endowment, and are shown as a reclassification of net assets in the accompanying financial statements.

**(10) Third Party Reimbursement**

During the years ended June 30, 2003 and 2002, Sci-Port received contractual revenue from state, parish, and city grants in the amount of \$806,019 and \$831,414, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

**(11) Donated Materials, Facilities, and Services**

Various materials and services were donated to Sci-Port by various individuals and organizations. Donated materials and services for the years ended June 30, 2003 and 2002 were \$216,134 and \$126,927, respectively, and were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

In addition, during the year ended June 30, 2003 and 2002, the Caddo Parish and Bossier Parish school boards hired an employee to serve as the Sci-Port Education Coordinator. The amounts that the school boards paid for the salary and benefits of this position totaled \$128,258 and \$124,099 for the years ended June 30, 2003 and 2002, respectively. These amounts were reflected as grants revenue and education expenses.

(Continued)

**Sci-Port Discovery Center  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)**

**(12) Sci-Port Foundation**

Sci-Port Foundation is a separate tax exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The Foundation was established during 2001 to support, benefit and carryout the purposes of Sci-Port Discovery Center through encouraging, motivating and facilitating donations to the Foundation for the benefit of Sci-Port, receiving and managing funds contributed to the Foundation for the benefit of Sci-Port, and making distributions of income and principal to or for the benefit of Sci-Port.

Sci-Port Foundation and Sci-Port Discovery Center maintain separate Boards of Directors. They do not meet the consolidation criteria.

During the year ended June 30, 2002, a total of \$200,000 was transferred from Sci-Port Discovery Center to the Sci-Port Foundation as an initial investment in an endowment benefiting Sci-Port's mission. During the year ended June 30, 2003, an additional \$203,583 was transferred from Sci-Port Discovery Center to the Sci-Port Foundation. These transfers are shown in the accompanying statement of activities under other expenses-transfer to Sci-Port Foundation.

**(13) Commitment**

Sci-Port is in the planning stages for construction of a 25,000 square foot expansion to its existing facility in Shreveport to provide new exhibits and programs addressing the space sciences, math, and astronomy. Architects have been engaged and are currently working on the design phase of the project. Total project costs are unknown at this time. Public funding has been secured from the State of Louisiana and the City of Shreveport. Additional funding has also been secured through a grant from NASA and private donations. A fundraising campaign is being conducted to provide the remaining funding needed.

**(14) Contingency**

Sci-Port is the defendant in a lawsuit with a former employee. Sci-Port feels the case is without merit and plans to defend the charges vigorously. The ultimate outcome of the case is unknown at this time, and, as such, any estimated liability which would be incurred by Sci-Port as a result of an unfavorable outcome cannot be determined at this time.

# COOK & MOREHART

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CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors  
Sci-Port Discovery Center  
Shreveport, Louisiana

We have audited the financial statements of Sci-Port Discovery Center as of and for the year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Sci-Port Discovery Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sci-Port Discovery Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors, others within the organization and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart  
Certified Public Accountants  
September 19, 2003

Sci-Port Discovery Center  
Shreveport, Louisiana  
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor  
June 30, 2003

**Summary Schedule of Prior Audit Findings**

There were no findings or management letter comments for the prior year audit for the year ended June 30, 2002.

**Corrective Action Plan for Current Year Audit Findings**

There are no findings for the current year audit for the year ended June 30, 2003.

There are no management letter comments for the current year audit for the year ended June 30, 2003.